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SUBJECT: TALABANI AND AMBASSADOR DISCUSS KEEPING IN THE
SUNNIS, VISITS TO IRAN, CHINA

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On July 3, Iraqi President Jalal Talabani met with the Ambassador and Meghan O'Sullivan, and they were later joined by DPM Barham Saleh. Talabani agreed to mediate between Vice President Tariq al-Hashimi and Prime Minister Nuri al-Maliki in an effort to bring the Presidency Council and PM together and to keep Tawafuq from withdrawing from the Government. Barham Saleh discussed the July 3 Council of Ministers meeting, in which the draft hydrocarbons framework law was reaffirmed. Talabani had recently returned from visits to China, Iran, and Switzerland. He said that Tehran committed to negotiations with the U.S. at the highest level. China forgave much of Iraq's debt and signed a deal to sell \$96 million in light weapons to the GOI. Finally, at the Socialists International meeting in Geneva, Talabani convinced participants to issue a statement supporting Iraq.
END SUMMARY.

The "3 plus 1"

¶2. (C) The Ambassador told Talabani the political situation in Iraq had worsened in Talabani's absence. The Sunnis must remain in the government, the Ambassador said, or it would have severe consequences in Iraq and Washington. He called on Talabani to help hold Iraq together. He and O'Sullivan pushed Talabani for a commitment to remain in Iraq. Talabani agreed to remain in Iraq for the rest of 2007 with the exception of a return trip to the Mayo Clinic in September, promising he would spend 20-25 days of each month in Baghdad, with the remainder in Kurdistan.

¶3. (C) O'Sullivan mentioned that Hashimi might need political cover (such as a statement from the GOI) to move forward on the issue of the arrest of the Minister of Culture. Talabani said that Mithal al-Alusi, Council of Representatives (CoR) member, who claimed to possess evidence that the Culture Minister had a hand in the murder of his sons, had the right to justice. However, Talabani agreed that the GOI handled the situation poorly.

¶4. (C) Talabani thought the CoR could pass the hydrocarbons framework law, though he noted that Tawafuq was "acting like a dictator" -- expecting to get its way on every issue.

¶5. (C) The Ambassador urged Talabani to get the Presidency and PM together to deal with Tawafuq and then focus on the larger issues. Talabani agreed, saying the "Gang of Four," as he refers to the Presidency plus the PM, should make important decisions together and discuss actions such as arresting a minister before they happen. He said the challenges are getting Maliki to accept this framework and getting Hashimi to relax his demands.

¶6. (C) During the meeting, Talabani called VPs Hashimi and

Mehdi and Prime Minister Maliki to set up meetings with them.

(Note: Talabani then told the Ambassador over the phone on July 4 that continuing tensions between Maliki and Hashimi would delay any thought of a Presidency Council/PM meeting. He agreed to continue mediating and work to bring them together. End Note.)

DPM Saleh on the Council of Ministers Meeting

¶7. (C) Barham Saleh joined the meeting and told the group that the Council of Ministers (CoM) had reaffirmed the draft hydrocarbons framework law, which it would send to the CoR immediately. He said Tawafuq had not attended the meeting. The PM wanted to discuss the draft revenue management law, but Saleh convinced him that they should wait until they could discuss it with Talabani and the Presidency Council. Saleh said they must bring Hashimi and Tawafuq along on these laws -- if laws create more divisions in the country, then they have negated their purpose. The CoM passed a resolution on the Japanese-World Bank issue and approved some Oil Ministry contracts and \$50 million for Rusafa (Rule of Law Complex).

Talabani Visits Iran, Iran Again Pledges to Cooperate

¶8. (S) Telling the Ambassador about his discussions in Tehran, Talabani said Iran was ready for negotiations at the highest level. He met with Iranian President Ahmadinejad, Supreme National Security Council Chair Larijani, and IRGC Quds Force commander Soleimani, who told Talabani they would

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put him in touch with Muqtada al-Sadr so that Talabani can instruct Sadr on what to do with his Jaysh al-Mahdi (JAM) militia. They also told Talabani they would form a security committee and could eliminate the Al Qaeda presence within two months. They had concerns about the Joint Security Working Group, saying that the Arab states and Turkey were plotting against them. They also claimed that the U.S. had turned toward the Sunnis.

¶9. (C) Talabani said that \$170 million of the \$1 billion Tehran recently pledged to the GOI would go to the Kurdistan Regional Government (KRG). Tehran suggested the KRG send a delegation to discuss how to best spend their portion. He said they did not deny their support for Ansar al-Islam (AAI), but they told him they had closed the AAI offices and arrested some of its members. Talabani said he had sent one of his staff to confirm these claims, who verified they closed on June 20.

¶10. (C) He noted that Iran's relations with Syria were not good. Iran had evidence that Syria was encouraging the Ba'athists to cooperate with Saleh Mutlaq. For this reason he recommended that Maliki not visit now.

¶11. (C) He said ISCI leader Abdul Aziz al-Hakeem, whom he visited in Tehran, was doing well and responding to cancer treatment better than expected. A specialist had come from Vienna and Hakeem would soon go to Vienna for further treatment.

China Cancels Debt, Sells Light Weapons

¶12. (C) Talabani expressed satisfaction with his trip to China, saying that China had agreed to cancel all GOI sovereign debt and 80 percent of Iraqi commercial debt - about USD 6.4 billion. China would sell Iraq USD 96 million in small arms for the Iraqi police, which Talabani expected to be delivered to the port at Basrah within one month.

China expressed readiness to sell heavier weapons, but Talabani told them the GOI could get those from the U.S. China was also ready to train Iraqi security forces, set up courses for students, and invest in Kurdistan.

Socialist International Conference

¶13. (C) Talabani stated that he convinced the participants at the Socialists International conference in Geneva to issue a proclamation on Iraq and asked the socialist countries to cancel Iraqi debt. He reminded the French, Belgians, and Italians, who were contemplating a proclamation calling for Coalition withdrawal from Iraq, about the U.S. role in their own liberation during World War II. How could Iraq protect itself without the Coalition, he asked rhetorically.

¶14. (C) He told the Ambassador he would invite French Minister of Foreign Affairs Kouchner to Iraq. He also said he would ask KRG President Barzani, in Paris at the time, to ask the French government to make a statement in support of Iraq.

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